

**NEW ZEALAND WOOL CLASSERS
ASSOCIATION INC.**

2016 Financial Statements



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Staples Rodway Chartered Accountants. An Independent Member of Baker Tilly International.

Contents of Financial Statements

For the Year Ended 31 December 2016

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NEW ZEALAND WOOL CLASSERS ASSOCIATION INC.

Report on the Engagement to Compile Financial Statements

For the Year Ended 31 December 2016

COMPILATION REPORT TO NEW ZEALAND WOOL CLASSERS ASSOCIATION INC.

Reporting Scope

On the basis of information that you provided we have compiled, in accordance with "Service Engagement Standard Number 2: Compilation of Financial Information", the Financial Statements of NEW ZEALAND WOOL CLASSERS ASSOCIATION INC. for the year ended 31 December 2016 as set out on the following pages.

These statements have been prepared in accordance with the principles contained in current income tax legislation as described in Note 1 to the financial statements.

These are special purpose financial statements and as such are intended for internal use only and should not be relied upon for any other purpose.

Responsibilities

You are solely responsible for the information contained in the financial statements and have determined that the financial reporting basis stated above is appropriate to meet your needs and for the purpose that the financial statements were prepared. The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information that you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Disclaimer of Liability

A compilation is limited primarily to the collection, classification and summarisation of financial information supplied by the client. A compilation does not involve the verification of that information. We have not performed an audit or review engagement on the financial statements and therefore neither we nor any of our employees accept any responsibility for the accuracy of the material from which the financial statements have been prepared. Further, the financial statements have been prepared at the request of, and for the purposes of, our client only and neither we nor any of our employees accept any responsibility on any ground whatever, including liability in negligence, to any other person.

Staples Rodway

Staples Rodway Christchurch Limited

Chartered Accountants

CHRISTCHURCH

28 February 2017

Directory

As at 31 December 2016

| | |
|---------------------------|--|
| Nature of Business | To promote, develop, serve and represent non-parochially, the collective interests, prosperity and general advancement of the Members, the wool classing industry and the New Zealand wool industry generally. |
| Address | C/- Bill Dowle PO Box 16231 Hornby CHRISTCHURCH |
| Chairman | Bill Dowle |
| Vice Chairman | Allan Frazer |
| Registered Office | 329 Durham Street Christchurch Central CHRISTCHURCH |
| Accountants | Staples Rodway Christchurch Limited Chartered Accountants 329 Durham Street Christchurch Central CHRISTCHURCH |
| Bankers | Bank of New Zealand Sydenham Branch CHRISTCHURCH |
| Solicitors | Richard Smith Duncan Cotterill 148 Victoria Street Christchurch Central CHRISTCHURCH |

Statement of Financial Performance

For the Year Ended 31 December 2016

| | Note | 2016 | 2015 |
|----------------------------------|------|----------------|-----------------|
| | | \$ | \$ |
| Operating Income | | | |
| Grants & Sponsorship Received | 4 | 4,750 | 4,089 |
| Interest Received | | 3,495 | 4,887 |
| Subscriptions Received | | 19,014 | 13,060 |
| Total Operating Income | | 27,259 | 22,037 |
| Less Expenses | | | |
| Administration Expenses | | | |
| Accountancy Fees | | 1,630 | 2,005 |
| AGM Expenses | | 1,533 | 1,530 |
| Bank Fees & Charges | | 164 | 343 |
| Board Fees & Honorariums | | 2,400 | 2,200 |
| Board Meeting Expenses | | 2,661 | 2,022 |
| Classer Refresher Days | 5 | 2,228 | 843 |
| Executive Officer Expenses | | 366 | 1,455 |
| Executive Officer Fees | | 12,000 | 10,470 |
| Meeting Expenses | | 508 | 519 |
| Newsletters & Publications | | - | 1,882 |
| Printing, Postage & Stationery | | 2,512 | 1,864 |
| Secretarial Expenses | | 7,200 | 7,200 |
| Telephone & Internet | | 760 | - |
| Website Expenses | | 125 | 339 |
| WIEG Meeting Expenses | | (547) | 1,704 |
| Xero Software Fees | | 484 | 413 |
| | | 34,024 | 34,790 |
| Non Cash Expenses | | | |
| Depreciation | | 1,007 | - |
| Total Expenses | | 35,031 | 34,790 |
| Deficit before Income Tax | | (7,773) | (12,753) |
| Income Tax Expense | 2 | 590 | 1,354 |
| Net Deficit | | (8,363) | (14,108) |

Statement of Financial Position

As at 31 December 2016

| | Note | 2016 \$ | 2015 \$ |
|----------------------------------|------|---------------|----------------|
| Current Assets | | | |
| BNZ Bus First Oncall Account | | 10,470 | 15,153 |
| BNZ First Transact Account | | 417 | 1,090 |
| RaboDirect Savings Account | | 3 | - |
| Accounts Receivable | | 1,319 | 50 |
| Accrued Interest Receivable | | 1,583 | 1,196 |
| Income Tax Receivable | 3 | 280 | 225 |
| Total Current Assets | | 14,072 | 17,714 |
| Current Liabilities | | | |
| Accounts Payable | | 142 | - |
| GST Payable | | 423 | 2,282 |
| Total Current Liabilities | | 565 | 2,282 |
| Working Capital | | 13,506 | 15,431 |
| Non Current Assets | | | |
| Property, Plant & Equipment | | 1,403 | - |
| RaboDirect Term Deposit - A0016 | | 50,517 | 58,357 |
| RaboDirect Term Deposit - A0191 | | 32,040 | 32,040 |
| Total Non Current Assets | | 83,960 | 90,397 |
| Net Assets | | 97,466 | 105,828 |
| Accumulated Funds | | | |
| Opening Balance | | 105,828 | 119,936 |
| Net Deficit | | (8,363) | (14,108) |
| Total Accumulated Funds | | 97,466 | 105,828 |

NEW ZEALAND WOOL CLASSERS ASSOCIATION INC.

Notes to and forming part of the Financial Statements

For the Year Ended 31 December 2016

1 Statement of Accounting Policies

Reporting Entity

New Zealand Wool Classers Association Inc. is a society incorporated under the Incorporated Societies Act 1908.

Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with taxation principles contained in the Income Tax Act 2007 and disclosure requirements contained in the Tax Administration (Financial Statements) Order 2014.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Financial Performance and Statement of Financial Position on a tax value basis are followed by NEW ZEALAND WOOL CLASSERS ASSOCIATION INC., unless otherwise stated in the Specific Accounting Policies.

The information is presented in New Zealand dollars. All values are rounded to the nearest \$.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Financial Performance and Statement of Financial Position have been applied:

(a) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to NEW ZEALAND WOOL CLASSERS ASSOCIATION INC. and revenue can be reliably measured.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

(b) Trade Receivables

Trade Receivables are recognised at estimated realisable value.

(c) Property, Plant & Equipment and Investment Property

Property, plant and equipment and investment property is recognised at cost less aggregate depreciation. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

All other repairs and maintenance are recognised as expenses in the Statement of Financial Performance in the financial period in which they are incurred.

Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007.

Gains and losses on disposal of fixed assets are taken into account in determining the net result for the year.

NEW ZEALAND WOOL CLASSERS ASSOCIATION INC.

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 December 2016

(d) Income Tax

The Society complies with the Inland Revenue Department's policy for non-profit organisations and as such is only required to pay tax on non member transactions, namely interest, and is entitled to a \$1,000 income tax deduction. The charge for income tax is stated as the estimated tax payable after allowing for this deduction and non taxable movements in accrued interest receivable. Movements in accrued interest receivable are non taxable as the society is a Cash Basis entity under the financial arrangement rules and hence is only required to pay tax on interest when it is physically received.

(e) Investments

Investments are stated at cost.

(f) Goods and Services Taxation (GST)

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable, which are stated inclusive of GST.

(g) Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those from previous financial statements.

2 Tax Reconciliation

| | 2016 | 2015 |
|--|--------------|--------------|
| | \$ | \$ |
| Deficit before Income Tax | (7,773) | (12,753) |
| Prima Facie Tax Expense at 28% | (2,176) | (3,571) |
| Tax Effect of Permanent Differences | | |
| Net Members Transactions not Taxable | 3,155 | 4,939 |
| IRD Income Exemptions | (280) | (280) |
| Accrued Interest Adjustment | (108) | 266 |
| Total Tax Effect of Permanent Differences | 2,766 | 4,926 |
| Tax Expense | 590 | 1,354 |

3 Income Tax

| | 2016 | 2015 |
|-------------------------------------|--------------|--------------|
| | \$ | \$ |
| Opening Balance | (225) | (229) |
| Plus: | | |
| Provision for Taxation for the Year | 590 | 1,354 |
| Tax Refunds | 225 | 229 |
| | 815 | 1,583 |
| Less: | | |
| RWT Paid | 870 | 1,580 |
| Income Tax (Receivable) | (280) | (225) |

NEW ZEALAND WOOL CLASSERS ASSOCIATION INC.

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 31 December 2016

4 Grants & Sponsorship

On behalf of the Board and Members of the New Zealand Wool Classers Association Incorporated we would like to thank the following organisations for their generous contributions and continued support of our society:

| | |
|----------------------------------|------------|
| Brendan Mahoney Shearing Limited | 250.00 |
| Canterbury Woolscourers Limited | 1,500.00 |
| CP Wool Limited | 250.00 |
| NZ Merino Company Limited | 250.00 |
| NZ Wools Merchants Association | 2,000.00 |
| PGG Wrightsons Limited | 250.00 |
| Wools of New Zealand Limited | 250.00 |
| | ----- |
| Total Grants Received | \$4,750.00 |
| | ===== |

5 Classer Refresher Days

The Society has an obligation to provide professional development training to its members with the requirement that members attend an approved training programme at least once every four years but preferably once every two years. Courses are run in various locations convenient for classer attendance and the number of courses varies from year to year. Providers are required to gain the society's approval for programmes that meet the defined criteria.

6 Audit

These financial statements have not been audited.